

CHAPTER 19: REPORTING REMAINING PRINCIPAL BALANCES

19-1: OVERVIEW OF CHAPTER

Once a month, issuers are required to report to Ginnie Mae, as of their monthly reporting cut-off date, the aggregate remaining principal balances (RPB) for each of their pools and loan packages. Ginnie Mae then uses this RPB data to compute individual “factors” which are used to determine the outstanding portion of the original principal pool balance after the next payment is made. These factors are used by securities dealers, investors, and others involved in trading Ginnie Mae securities and are vital to the proper allocation, among classes of Ginnie Mae REMIC securities, of monthly cash flows on the underlying Ginnie Mae MBS. It is essential, therefore, that each issuer accurately report pool and loan package RPBs.

This chapter describes the RPB guidelines and procedures for all pool and loan package types, and is followed by discussions of (A) available methods to transmit RPB data, (B) the process used by the CPTA to monitor RPB reports, and (C) deadlines for making corrections to RPB reports.

19-2: RELATIONSHIP BETWEEN RPB REPORTS AND PAYMENTS ON THE SECURITIES

Each issuer is required to report an RPB for each of its pools and loan packages, other than construction loan pools, no later than the second business day of each month. An issuer may correct any reported RPB on or before the fifth business day of the month.

The Ginnie Mae I MBS issuer is obligated not only to pay certificated security holders but also to make funds available to the depository on all book-entry securities. Similarly, the Ginnie Mae II MBS issuer must make funds available to the CPTA for payment to security holders. These amounts are based on the RPB for the related pool or loan package reported on or before the fifth business day of the month, even if the reported RPB is incorrect. In addition, each of the issuer’s monthly accounting reports must agree with the RPB reported for the related month. If an error is found in a reported RPB after the fifth business day of a month, it may not be corrected.

Inaccurate RPB reporting is considered a failure by the issuer to remit timely and accurate payment to security holders. Issuers who report incorrect RPBs may be subject to default and/or other sanctions.

19-3: RPB REPORT IDENTIFICATION NUMBER

When preparing the RPB report, each issuer must use a pre-assigned 10-digit RPB Report Identification Number (RIN), which consists of four parts:

- (A) the Ginnie Mae identification number, which is the same for all issuers: 0783;

CHAPTER 19: REPORTING REMAINING PRINCIPAL BALANCES

- (B) the 4-digit Issuer Identification Number assigned by Ginnie Mae;
- (C) the letter "A", which is the designation for Ginnie Mae I MBS reports, or the letter "B", which is the designation for Ginnie Mae II MBS reports; and
- (D) a computer check digit provided by the CPTA.

The issuer may obtain and/or confirm its RIN with the CPTA (see Addresses).

19-4: REPORTING PROCESS

Following is an outline of the RPB reporting process:

- (A) The issuer calculates the RPB for each pool or loan package as of its monthly reporting cut-off date for the preceding month (see Sections 17-3 and 19-5);
- (B) The issuer must report its RPB figures directly to the CPTA no later than the second business day of each month. RPB reports transmitted through *GinnieNET* or computer-to-computer must be completed no later than 7:00 p.m. (Eastern time). If the issuer reports its RPBs using magnetic tape, it must send the magnetic tape by overnight courier, and the tape must be received by the CPTA prior to 4:00 p.m. on the second business day of the month. As a general rule, issuers shall use *GinnieNET* as a backup system in case their primary reporting vehicle fails.
- (C) The CPTA edits the data. If there are edit failures, the CPTA notifies the issuer via facsimile no later than the third business day of the month (see Section 19-7);
- (D) The issuer must correct the error and report the correction through *GinnieNET* prior to 7:00 p.m. (Eastern time) no later than the fifth business day of the month (see Section 19-8);
- (E) If an issuer discovers, prior to 7:00 p.m. (Eastern time) on the fifth business day, an error in previously reported RPB data for that month, the issuer must immediately report an RPB correction (see Section 19-8).
- (F) If the issuer is unable to correct an error described in (D) or (E) by 7:00 p.m. on the fifth business day of the month, it may not make the correction.

CHAPTER 19: REPORTING REMAINING PRINCIPAL BALANCES

19-5: AGREEMENT OF RPB REPORT WITH MONTHLY ACCOUNTING REPORT

If an RPB is wrong and is not corrected by the fifth business day in the manner described in this chapter, the payment to security holders must be based on the reported RPB. The issuer must advance its own funds if there are any shortfalls.

The RPB in Ginnie Mae's database, as of the fifth business day of the prior month, will be used to compute the guaranty fee for Ginnie Mae II pools and loan packages.

The amount reported at Section 3, Line D of form HUD 11710-A (Appendix VI-4), which must be submitted by the 10th calendar day of each month, must be identical to the RPB reported on the fifth business day of the month (see Section 19-8). For example, the cut-off balance submitted by April 10 on the form HUD 11710-A for March must be identical to the RPB reported for March on the second business day of April (as corrected through the fifth business day of April). If the amounts are not equal, the issuer must report a corrected cut-off balance on form HUD 11710-A by April 15 that equals the reported RPB. (See Section 17-4(B)(2))

19-6: METHODS OF REPORTING RPBS INITIALLY

(A) *GinnieNET Reporting*

Each issuer must submit its monthly RPB report in electronic form. Three methods are available: GinnieNET, computer-to-computer transmission, and magnetic tape.

The issuer must follow the instructions for reporting RPBS included in the GinnieNET Issuer Guide or on the appropriate GinnieNET screen. The transmission for all pools and loan packages must be completed by 7:00 p.m. (Eastern time) on the second business day of each month. A single GinnieNET transmission should satisfy all reporting obligations for an unlimited number of pool and loan packages.

(B) *Computer-to-Computer Reporting*

The format for computer-to-computer reporting must follow that shown in Appendix VII-1, pages 2 through 4, and the transmission must be completed no later than 7:00 p.m. (Eastern time) on the second business day of each month. The preferred speeds are 2400 or 4800 baud.

For more information on computer-to-computer reporting, issuers may telephone the CPTA (see Addresses).

(C) *Magnetic Tape Reporting*

The format for magnetic tape reporting must be that shown in Appendix VII-1, pages 2 through 4. Magnetic tapes must be accompanied by a transmittal form similar to that shown in Appendix VII-1, page 1. The tape must be sent by overnight courier to the CPTA and received prior to 4:00 p.m. (Eastern time) on the second business day of each month.

For more information on magnetic tape reporting, issuers may telephone the CPTA (see Addresses).

CHAPTER 19: REPORTING REMAINING PRINCIPAL BALANCES

19-7: MONITORING RPB REPORTING

RPB data are edited by the CPTA to determine, from one month to the next, that RPBs do not increase (except for GPMs), do not remain constant, and do not decline in excess of Ginnie Mae-defined tolerances. Edit failures are of two types: unacceptable RPBs and alerts of possible error.

If a Ginnie Mae pool RPB fails an edit, the CPTA will notify the issuer via facsimile no later than the third business day of the month, and specify the type of edit failure identified. An issuer must respond to a notification prior to 5:00 p.m. on the fifth business day as follows:

(A) *Unacceptable RPBs*

- (1) If an unacceptable RPB requires a change:

The issuer must report the correction using *GinnieNET* (see Section 19-8). The transmission must be completed no later than 7:00 p.m. (Eastern time) on the fifth business day of the month and correct the report as described in Section 19-8. Failure to respond, in a timely fashion, to unacceptable RPB notification will mean that the issuer must make payment on the securities in accordance with the reported RPB.

- (2) If an issuer is notified that an RPB is unacceptable but in fact the RPB is correct:

The issuer must so inform the CPTA by *GinnieNET*.

(B) *Alert of Possible Error*

If alerted about a possible error, the issuer must review the RPBs in question. If the issuer determines that a correction is required, the issuer must report the correction using *GinnieNET* (see Section 19-8), and the transmission must be completed no later than 7:00 p.m. (Eastern time) on the fifth business day of the month. If the issuer concludes that no change is required, the issuer need not report that conclusion to the CPTA.

19-8: CORRECTIONS

If an issuer discovers an RPB error between the sixth business day, inclusive, and the date when the issuer must deposit funds to the central P&I custodial account, the issuer nevertheless must make the deposit (and make payments to the holders of any Ginnie Mae I MBS issued in certificated form), based on the RPB reported on or before the fifth business day, as corrected through the fifth business day.

(A) *Changes or Corrections*

Even if an issuer has not received notification from the CPTA of a possible error, it may change or correct an RPB report by transmitting the correction to the CPTA using *GinnieNET* (see Section 19-8(C)). The transmission must be completed no later than 7:00 p.m. on the fifth business day of the month.

CHAPTER 19: REPORTING REMAINING PRINCIPAL BALANCES

(B) Reporting by GinnieNET

Except as provided in Section 19-8(C), corrections to an RPB report must be made using GinnieNET.

(C) Computer-to-Computer Reporting

If an issuer finds it necessary to report corrected RPBs, and these pools constitute a substantial majority of its portfolio, the issuer must contact the CPTA (see Addresses) for instructions. Depending on the circumstances, the CPTA may instruct the issuer to retransmit using computer-to-computer transmission all of the issuer's pool data (including correct data that was submitted in the initial RPB report). In this case, the second transmission must be completed no later than 7:00 p.m. (Eastern time) on the fifth business day of the month.

19-9: PENALTIES

Issuers that fail to report timely and accurate RPBs, that fail to pay security holders or else fail to make appropriate deposits into the central P&I custodial account based on the reported RPBs, will be subject to sanctions at Ginnie Mae's discretion.

Multifamily issuers who fail to report prepayment penalties and pay those fees in the month of pool payoff will also be subject to sanctions by Ginnie Mae.

19-10: PRENOTIFICATION OF ACH DEBIT AMOUNTS

The CPTA will provide issuers with a hard copy pre-notification advice of all amounts, per pool and/or loan package, that will be withdrawn from their central P&I custodial account. The first pre-notification report will be sent on the third business day, and the second and final pre-notification report will be sent on the seventh business day. The latter report will reflect any changes submitted by the issuer through close of business on the fifth business day and represents the amount to be withdrawn later in the month. Issuers may also elect to receive an electronic version of this report, for a fee, through the CPTA. Issuers are advised to contact the CPTA to arrange for electronic delivery of pre-notification files (See Addresses)